

County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

November 18, 2003

The Honorable Board of Supervisors
County of Los Angeles
500 West Temple Street
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO AUTHORIZE THE EXECUTION OF
AMENDMENT NUMBER SEVEN TO THE LEADER INFORMATION TECHNOLOGY
AGREEMENT NUMBER 68587 WITH UNISYS CORPORATION TO IMPLEMENT
QUARTERLY REPORTING MODIFICATIONS AND ELECTRONIC BENEFIT
TRANSFER (EBT) FACILITIES MANAGEMENT/OPERATIONS (FM/O)
(ALL DISTRICTS – 3 VOTES)**

**JOINT RECOMMENDATION WITH THE CHIEF INFORMATION OFFICER THAT
YOUR BOARD:**

Approve, and instruct the Chair to sign upon receipt of State and federal approvals, the attached Amendment Number Seven to County Agreement Number 68587 with Unisys Corporation (Unisys) to increase the Total Maximum Contract Sum by \$9,382,569: (i) to initiate and complete the Quarterly Reporting Modifications and testing of the LEADER System Software, (ii) to provide additional disk storage space at the Central Site to support Quarterly Reporting, and (iii) to provide additional Central Site Facilities Management/Operations (FM/O) processing resources required to implement and support Electronic Benefit Transfer (EBT) processing commencing January 1, 2004 and for the remainder of the Initial Term of the LEADER Agreement that ends on April 30, 2005. This Amendment is contingent upon receipt of State and federal approvals.

This Amendment will increase the Total Maximum Contract Sum from \$171,511,019 to \$180,893,588. The additional \$9,382,569 will be subvented by State and federal revenue in the amount of \$7,680,686. The Net County Cost (NCC) for FY 2003-04 is \$1,562,951 and is included in the FY 2003-04 Adopted Budget. The NCC for FY 2004-05 is \$138,932 and will be included in the Department's FY 04-05 Budget Request.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is: (i) to modify the LEADER Agreement to incorporate major application software modifications to conform to State and federal mandates which will bring the County into compliance with new Food Stamps, CalWORKs, and Refugee Cash Assistance Quarterly Reporting requirements, and to apply the new Quarterly Reporting requirements to General Relief, (ii) to provide Quarterly Reporting disk storage space at the Central Site, and (iii) to increase the ongoing Central Site FM/O processing resources to support the EBT Modifications, commencing January 1, 2004 and for the remainder of the Initial Term of the LEADER Agreement that ends on April 30, 2005. The EBT Modifications were approved by your Board on August 6, 2002 in Amendment Number Five of the LEADER Agreement.

Quarterly Reporting

The major Quarterly Reporting Modifications tasks include determining LEADER System requirements, developing design specifications, coding and unit testing all the programs, system and regression testing the LEADER System after the Quarterly Reporting Modifications have been completed, and implementation of the Quarterly Reporting Modifications.

Technology

Additional LEADER System Central Site disk storage space and tape cartridges will be required to support the Quarterly Reporting Modifications.

Electronic Benefit Transfer (EBT) Facilities Management/Operations

An increase in ongoing Facilities Management/Operations (FM/O) is required to support the EBT Modifications that were approved by your Board in Amendment Number Five on August 6, 2002. In our Board Letter for Amendment Number Five, we informed your Board that the cost for such increased EBT FM/O were estimated at \$1,428,898 through the Initial Term of the LEADER Agreement, and would require a contract amendment to increase the Total Maximum Contract Sum and to update certain schedules to the LEADER Agreement. This Amendment Number Seven includes the increased EBT FM/O costs of \$1,211,398, which represents a \$217,500 decrease from the previously estimated cost.

Implementation of Strategic Plan Goals

The recommendation is consistent with the principles of County Strategic Plan Goal #1 (Service Excellence) to provide the public with easy access to quality information and services that are both beneficial and responsive. In addition, this Amendment is consistent with DPSS' objectives for increasing the efficiency and effectiveness of departmental programs through expanded information technology and communications.

Expansion of the LEADER System is part of the DPSS Business Automation Plan.

FISCAL IMPACT/FINANCING

Amendment Number Seven increases the current Total Maximum Contract Sum of the LEADER Agreement from \$171,511,019 to \$180,893,588.

Costs for Fiscal Year 2003-04

The total estimated costs for Amendment Number Seven in FY 2003-04 are \$8,625,445. These costs will be financed using \$7,062,494 State and federal revenue and \$1,562,951 NCC. Sufficient funding is included in the FY 2003-04 Adopted Budget.

Costs for Fiscal Year 2004-05

The total estimated costs for Amendment Number Seven in FY 2004-05 are \$757,124. These costs will be financed using \$618,192 State and federal revenue and \$138,932 NCC. Sufficient funding will be included in the Department's FY 2004-05 Budget Request.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The LEADER Information Technology Agreement Number 68587 between the County and Unisys was approved by your Board on September 12, 1995. This Amendment is contingent upon receipt of State and federal approval.

The Statement of Work (Exhibit A) to this Amendment contains the detail to design, develop and implement the Quarterly Reporting Modifications, and the Amendment includes a breakdown of the costs that total the requested \$9,382,569. All work will be warranted by Unisys through April 30, 2005, the end of the Initial Term of the LEADER Agreement. Payment to Unisys for the work and services for the Quarterly Reporting Modifications will be made upon completion and acceptance of each deliverable at the price set for each deliverable less a 15 percent withhold. All withholds will be paid after

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County approval of all deliverables and subdeliverables of new Task 14.0, and after all software modifications have performed in substantial compliance with County-approved specifications for a period of thirty (30) consecutive days following installation of the software modifications in the LEADER System production environment.

There will be a one-time payment of \$23,979 for additional LEADER System enterprise server disk storage space and tape cartridges required at the Central Site to support the Quarterly Reporting Modifications during the Initial Term and any Extended Term of the LEADER Agreement.

As we advised you in our Board Letter for LEADER Amendment Number Five, which was approved by your Board on August 6, 2002, there would be an increase in ongoing costs for additional Central Site FM/O processing resources to support the EBT Modifications for the remainder of the Initial Term of the LEADER Agreement. In our Board Letter for Amendment Number Five, we informed your Board that the costs for such increased EBT FM/O were estimated at \$1,428,898 through the Initial Term of the LEADER Agreement, and would require a contract amendment to increase the Total Maximum Contract Sum and to update certain schedules of the LEADER Agreement. Amendment Number Seven includes additional Central Site FM/O processing resources for EBT and increased EBT FM/O costs of \$1,211,398, which represent a \$217,500 decrease from the previously estimated costs. These costs will be subvented by State and federal revenue.

This Amendment was negotiated and prepared by DPSS staff and reviewed and approved as to form by County Counsel. As with the existing LEADER Agreement and its previous amendments, outside counsel, Mitchell, Silberberg & Knupp LLP, also reviewed and commented on the Amendment in accordance with your Board's policy regarding technology contracts. Additionally, State and federal stakeholders were involved in the review and clearance process and their comments have been incorporated.

This is not a Prop A contract and accordingly is exempt from the requirements of the Living Wage Ordinance.

Amendment Provisions

Following is a summary of the major provisions of Amendment Number Seven:

- **Quarterly Reporting:** This Amendment provides \$8,147,192 to modify the LEADER System Software to comply with State and federal mandates which require the State of California Department of Social Services to replace the current Monthly Reporting/Retrospective Budgeting system with a Quarterly Reporting/Prospective Budgeting system. Quarterly Reporting will apply to participants of the CalWORKs, Food Stamps, Refugee Cash Assistance, and General Relief programs.
- **Technology:** This Amendment provides \$23,979 to install, operate, maintain and support equipment and other items necessary to provide additional LEADER System enterprise server disk storage space and tape cartridges at the Central Site for the growth in disk utilization resulting from the implementation of Quarterly Reporting Modifications.
- **Facilities Management/Operations (FM/O) for EBT:** This Amendment provides \$1,211,398 to increase ongoing Central Site FM/O processing resources to support the EBT Modifications approved by your Board on August 6, 2002 in Amendment Number Five to the LEADER Agreement. At that time, the costs for these additional ongoing FM/O processing resources were initially estimated to be \$1,428,898; however, these costs have subsequently been reduced by \$217,500 to \$1,211,398, due to a reduction in labor costs associated with the installation of certain software for EBT.

CONTRACTING PROCESS

Unisys was selected via a competitive solicitation. On September 12, 1995, your Board awarded a 7.5-year contract (with the option for two additional years) to Unisys to provide an automated welfare system within 42 months and to operate the system for an additional 48 months. Amendment Number Three and Amendment Number Four approved by your Board extended the 7.5-year contract term by two years to April 30, 2005, making the Initial Term of the LEADER Agreement nine (9) years and six (6) months.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The execution of Amendment Number Seven augments the LEADER System by enhancing services to the participant population.

CONCLUSION

Upon receipt of State and federal approvals and funding of this Amendment, DPSS will notify the Executive Officer, Board of Supervisors, and request the return of three (3) original signed copies of this Amendment and one (1) adopted stamped Board Letter to the Department of Public Social Services.

Respectfully submitted,

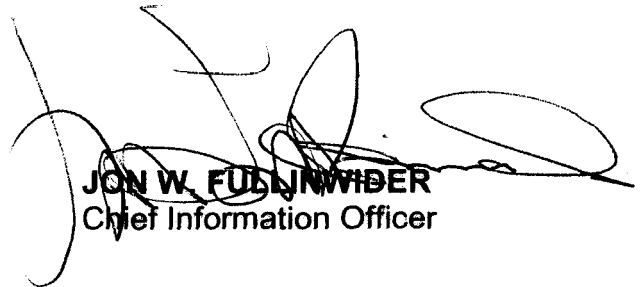


BRYCE YOKOMIZO
Director

BY/JWF:pcr

Attachments

c: Executive Officer, Board of Supervisors
 Chief Administrative Officer
 County Counsel
 Auditor-Controller
 Chair, Information Systems Commission



JON W. FULLINWIDER
Chief Information Officer